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Statistical release

P9110

Quarterly financial statistics of municipalities

September 2012

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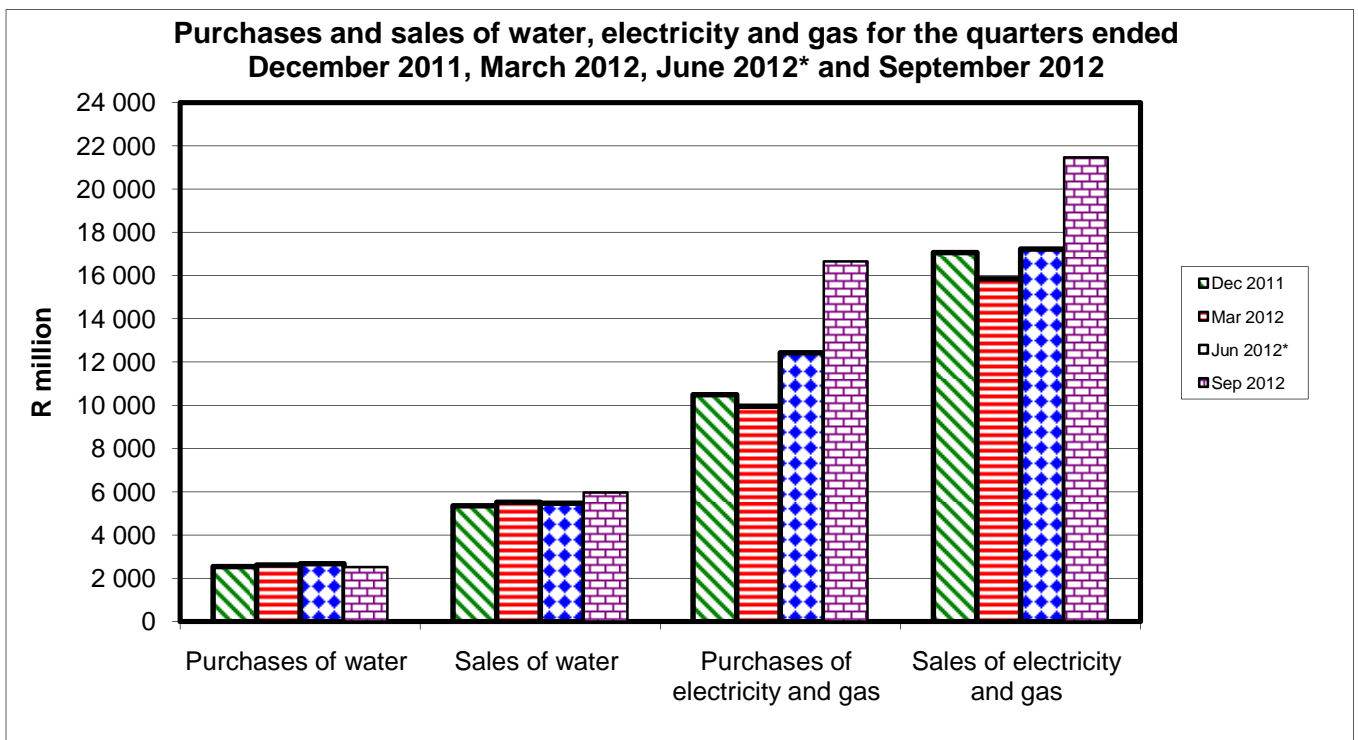
Item	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012	% change between quarters ended Jun. 2012 and Sep. 2012
	R million					
Purchases of water	2 543	2 627	2 675	2 519	-156	-5,8
Sales of water	5 358	5 528	5 478	5 963	485	8,9
Purchases of electricity and gas	10 491	9 969	12 439	16 650	4 211	33,9
Sales of electricity and gas	17 062	15 849	17 238	21 458	4 220	24,5
Property, plant and equipment (net carrying value)	322 121	323 568	352 034	353 304	1 270	0,4

* Revised

Purchases of water decreased by 5,8% between the quarters ended June 2012 and September 2012. Purchases of electricity and gas increased by 33,9% over the same period.

Sales of electricity and gas increased by 24,5% between the quarters ended June 2012 and September 2012. An increase of 8,9% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 0,4% between the quarters ended June 2012 and September 2012.



*Revised

PJ Lehohla
Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2011, March 2012, June 2012 and September 2012 quarters

Net assets and liabilities	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012
	R million				
Housing development fund	1 685	1 666	1 352	1 322	-30
Capital replacement reserve	16 566	16 608	15 175	15 012	-163
Capitalisation reserve	10 108	10 078	9 725	8 204	-1 521
Government grant reserve	18 347	18 318	11 293	6 198	-5 095
Donations and public contributions reserve	3 378	3 378	1 045	737	-308
Self-insurance reserve	1 010	1 018	289	263	-26
Revaluation reserve	7 062	7 254	6 717	7 319	602
COID ¹ reserve	316	321	277	315	38
Pre-GAMAP reserves and funds	3 022	2 812	3 329	3 336	7
Retained surplus/Accumulated deficit	225 664	231 437	266 301	275 640	9 339
Outside shareholders' interest	0	0	0	0	0
Non-current liabilities					
Marketable loan stock and bonds					
Domestic loan stock held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	0	0	34	34	0
Public non-financial corporations	0	0	0	0	0
Other	5 476	5 367	5 136	5 135	-1
Bonds held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	7 451	7 470	6 751	6 751	0
Public non-financial corporations	0	0	0	0	0
Other	1 675	1 654	2 424	2 427	3
Long-term loans received from:					
National government	0	0	0	0	0
Provincial government	5	0	0	0	0
Local government institutions	25	25	25	25	0
Development Bank of Southern Africa (DBSA)	9 710	9 652	9 928	9 793	-135
Local authorities loans fund	1	1	1	1	0
Public financial corporations	799	824	296	304	8
Public non-financial corporations	0	0	0	0	0
Banks	16 329	15 999	17 517	18 011	494

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2011, March 2012, June 2012 and September 2012 quarters (continued)

Net assets and liabilities	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012
	R million				
Insurers	2	2	2	2	0
Pension funds	142	142	141	126	-15
Private companies	0	0	0	0	0
Other domestic sources (including INCA ²)	7 125	6 435	5 726	5 733	7
Long-term leases	428	427	432	614	182
Non-current provisions	10 207	10 092	9 189	9 449	260
Retirement benefit obligations	6 358	6 501	9 908	10 507	599
Current liabilities					
Short-term loans and deposits from:					
Local government institutions	1	1	0	0	0
Development Bank of Southern Africa (DBSA)	358	358	572	579	7
Local authorities loans fund	2	2	2	2	0
Public financial corporations	1	1	445	445	0
Public non-financial corporations	0	0	0	0	0
Banks	1 210	1 223	1 214	1 173	-41
Insurers	1	1	1	1	0
Pension funds	3	3	2	2	0
Private companies	0	0	0	0	0
Other domestic sources (including INCA ²)	526	1 113	1 124	1 151	27
Unspent conditional grants	11 083	15 099	12 496	12 953	457
Current provisions	7 341	7 699	7 468	7 222	-246
Short-term leases	1 625	1 668	1 936	2 002	66
Retirement benefit obligations	325	326	295	381	86
VAT ³ payable	2 985	2 814	2 212	2 169	-43
Bank overdraft	2 325	1 711	1 483	1 545	62
Creditors:					
Trade creditors	22 850	22 385	30 176	27 613	-2 563
Consumer deposits	3 686	3 805	4 062	3 829	-233
Income received in advance	464	511	515	541	26
Other creditors	4 781	3 791	4 746	4 663	-83
Liabilities not reflected elsewhere ⁴	6 802	6 859	9 288	9 570	282
Total net assets and liabilities	419 260	426 851	461 050	463 099	2 049

¹ COID: Compensation Commissioner for Occupational Injuries and Diseases

² INCA: Infrastructure Finance Corporation Ltd

³ Valued Added Tax

⁴ Includes suspense accounts and liabilities not shown separately.

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2011, March 2012, June 2012 and September 2012 quarters (continued)

Assets	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012
	R million				
Property, plant and equipment (net carrying value)	322 121	323 568	352 034	353 304	1 270
Investment property	8 865	9 066	13 474	13 097	-377
Intangible assets	1 761	1 747	2 220	2 140	-80
Biological (cultivated) assets	83	83	73	71	-2
Investments in marketable securities:					
Municipal stock/shares	1 175	3 223	3 178	3 178	0
Other marketable stock/shares:					
Government stock	0	0	0	0	0
Treasury bills	0	0	0	0	0
Other local government institutions	39	39	39	39	0
Public financial corporations stock	0	0	0	0	0
Public non-financial corporations stock	0	0	0	0	0
Other companies	293	293	256	253	-3
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	0	0	0	0	0
Long-term receivables, loans, deposits and investments:					
Car loans	1	1	1	1	0
Housing selling scheme loans	223	217	209	206	-3
Sewerage connection loans	6	6	0	0	0
Electricity appliance purchase scheme	6	6	0	0	0
Other (including local government institutions)	1 136	1 124	1 357	1 365	8
Long-term loans to:					
Other local government institutions	0	0	0	0	0
Public financial corporations	34	34	34	34	0
Public non-financial corporations	0	0	0	0	0
Other companies	428	425	20	15	-5
Long-term deposits and other investments with:					
Banks	1 430	1 956	4 913	5 279	366

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2011, March 2012, June 2012 and September 2012 quarters (concluded)

Assets	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012
	R million				
Public financial corporations	39	35	32	26	-6
Public non-financial corporations	0	0	0	0	0
Other	4 942	5 485	2 250	2 253	3
Current assets:					
Inventory	4 154	4 199	4 114	4 188	74
Short-term receivables, loans, deposits and investments					
Short-term loans to:					
Other local government institutions	2	2	1	1	0
Public financial corporations	113	113	63	63	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	1 451	2 450	948	947	-1
Short-term deposits and other investments with:					
Banks	11 971	13 873	8 841	9 131	290
Public financial corporations	35	40	17	12	-5
Public non-financial corporations	0	0	0	0	0
Other	1 284	1 302	6 017	5 985	-32
Debtors:					
Consumer debtors	29 256	29 086	32 926	33 415	489
Other debtors	10 323	9 399	8 354	8 765	411
VAT ¹ receivable	1 257	1 275	1 628	1 313	-315
Prepaid expenses	59	59	39	38	-1
Petty cash and bank	15 994	16 980	17 205	17 096	-109
Assets not reflected elsewhere ²	779	765	807	884	77
Total assets	419 260	426 851	461 050	463 099	2 049

¹ Valued Added Tax

² Includes suspense accounts and assets not shown separately.

* Revised

Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2011, March 2012, June 2012 and September 2012: Expenditure

Expenditure	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012
	R million				
Employee-related costs	9 018	8 264	8 272	8 646	374
Remuneration of board of directors/councillors	557	677	641	624	-17
Interest paid	703	804	919	740	-179
Loss on the disposal of property, plant and equipment	3	21	20	1	-19
Bad debts	662	645	541	423	-118
Contracted services	948	847	1 164	621	-543
Collection costs	113	83	121	68	-53
Depreciation and amortisation	1 031	1 100	1 512	1 015	-497
Impairment loss	0	33	24	59	35
Repairs and maintenance	504	454	625	355	-270
Grants and subsidies paid to:					
Other local government institutions	144	182	217	104	-113
Tertiary institutions of higher learning	15	12	25	0	-25
Households or individuals	77	124	104	146	42
Non-profit serving households	0	0	0	0	0
Other	1 015	1 005	1 147	972	-175
General expenditure:					
Accommodation, travelling and subsistence	109	122	117	118	1
Advertising	52	51	80	57	-23
Audit fees	203	149	126	95	-31
Bank charges	56	49	69	48	-21
Cleaning services	29	29	35	21	-14
Consultancy and professional fees	166	172	287	191	-96
Entertainment costs	22	22	22	20	-2
Fuel and oil	139	158	180	116	-64
Hiring of plant and equipment	65	68	98	61	-37
Insurance costs	97	61	102	202	100
Pharmaceutical	17	20	22	23	1
Postal and courier services	45	48	58	48	-10
Printing and stationery	96	99	120	103	-17
Rebates for property rates	687	896	734	864	130
Rental of land, buildings and other structures	91	112	150	109	-41
Rental of office equipment	39	45	62	49	-13
Security fees	305	333	381	284	-97
Subscriptions and membership fees	30	29	48	146	98
Telecommunication services	169	181	200	156	-44
Training and education	89	81	128	93	-35
Transport costs	47	32	57	43	-14
Other expenditure	3 109	3 278	4 096	3 181	-915
Surplus	11 032	11 936	5 109	17 987	12 878
Total expenditure	31 484	32 222	27 613	37 789	10 176

* Revised

Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2011, March 2012, June 2012 and September 2012: Income

Income	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012
	R million				
Taxes on property					
Property rates from:					
Residential	5 940	5 726	5 827	7 101	1 274
Commercial or business	676	680	521	669	148
State	143	113	79	203	124
Other (includes agricultural, municipal, etc.)	2 364	1 986	1 984	2 687	703
Property rates – penalties imposed and collection charges	98	123	81	87	6
Interest earned from:					
External investments	417	485	1 038	466	-572
Outstanding debtors	434	426	401	399	-2
Dividends received	0	0	0	0	0
Fines	293	301	394	272	-122
Licences and permits	128	155	170	133	-37
Income for agency services	213	173	247	172	-75
Rental of facilities and equipment	178	200	214	172	-42
Bad debts recovered	0	0	1	0	-1
Public contributions and donations (including property, plant and equipment)	4	13	66	14	-52
Gains on the disposal of property, plant and equipment	27	51	61	22	-39
Subsidies from:					
National government	143	39	12	18	6
Provincial government	24	22	75	8	-67
Local government	0	0	1	0	-1
Other	63	31	22	0	-22
Grants (including equitable share) from:					
National government	10 173	10 465	6 308	15 213	8 905
Provincial government	144	217	66	144	78
Local government	6	9	5	10	5
Other	313	128	177	63	-114
Spent conditional grants	43	83	122	58	-64
Other income	2 560	4 809	3 515	3 332	-183
Deficit	7 100	5 987	6 226	6 546	320
Total income	31 484	32 222	27 613	37 789	10 176

* Revised

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2011, March 2012, June 2012 and September 2012: Expenditure

Expenditure	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012
	R million				
Employee-related costs	5 088	4 970	4 889	4 979	90
Interest paid	393	545	718	544	-174
Loss on disposal of property, plant and equipment	1	6	18	2	-16
Bad debts	824	1 042	1 507	1 172	-335
Contracted services	1 048	1 336	1 615	1 041	-574
Collection costs	19	24	24	18	-6
Depreciation and amortisation	2 094	1 904	2 427	1 900	-527
Impairment loss	0	14	5	92	87
Repairs and maintenance	1 850	1 917	2 352	1 470	-882
Purchases of water	2 543	2 627	2 675	2 519	-156
Purchases of electricity and gas	10 491	9 969	12 439	16 650	4 211
Other (e.g. sewer purification)	10	107	109	114	5
Grants and subsidies paid to:					
Other local government institutions	3	0	3	2	-1
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	88	131	133	132	-1
Non-profit institutions serving households	0	0	0	0	0
Other	239	379	343	273	-70
General expenditure:					
Accommodation, travelling and subsistence	16	15	20	18	-2
Advertising	9	6	10	10	0
Audit fees	14	14	9	11	2
Bank charges	2	9	18	4	-14
Cleaning services	22	17	26	17	-9
Consultancy and professional fees	56	134	156	52	-104
Entertainment costs	1	1	2	1	-1
Fuel and oil	170	199	279	189	-90
Hiring of plant and equipment	145	158	178	90	-88
Insurance costs	17	15	16	26	10
Pharmaceutical	3	2	3	3	0
Postal and courier services	2	2	3	1	-2
Printing and stationery	16	12	17	17	0
Rebates for services charges	171	169	129	187	58
Rental of land, buildings and other structures	24	21	21	43	22
Rental of office equipment	28	43	59	4	-55
Security services	73	78	81	72	-9
Subscriptions and membership fees	1	1	1	5	4
Telecommunication services	24	26	28	27	-1
Training and education	13	11	19	19	0
Transport costs	37	43	63	32	-31
Other expenditure	3 346	3 641	4 438	2 977	-1 461
Surplus	6 588	4 862	2 702	7 257	4 555
Total expenditure	35 469	34 450	37 535	41 970	4 435

* Revised

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2011, March 2012, June 2012 and September 2012: Income

Income	December 2011	March 2012	June 2012*	September 2012	Difference between quarters ended Jun. 2012 and Sep. 2012
	R million				
Interest earned from:					
External investments	25	27	34	40	6
Outstanding debtors	239	229	281	262	-19
Dividends received	0	0	0	0	0
Fines	10	16	10	15	5
Licences and permits	68	74	97	55	-42
Income for agency services	157	151	199	157	-42
Rental of facilities and equipment	199	193	182	194	12
Bad debts recovered	0	0	0	0	0
Public contributions and donations (including property, plant and equipment)	32	28	283	91	-192
Gains on the disposal of property, plant and equipment	1	6	8	0	-8
Sales of water	5 358	5 528	5 478	5 963	485
Sales of electricity and gas	17 062	15 849	17 238	21 458	4 220
Refuse removal charges	1 331	1 413	1 282	1 576	294
Sewerage and sanitation charges	1 535	1 862	1 533	1 824	291
Other services charges (e.g. fresh produce market)	9	10	9	24	15
Subsidies from:					
National government	22	45	38	8	-30
Provincial government	32	24	23	16	-7
Local government	0	0	0	0	0
Other	11	11	14	0	-14
Grants (including equitable share) from:					
National government	4 103	3 549	4 894	4 706	-188
Provincial government	210	165	214	108	-106
Local government	5	0	11	0	-11
Other	105	39	39	38	-1
Spent conditional grants	54	188	171	17	-154
Other income	1 571	939	1 611	1 688	77
Deficit	3 330	4 104	3 886	3 730	-156
Total income	35 469	34 450	37 535	41 970	4 435

* Revised

Notes

Forthcoming issue	Issue	Expected release date
	December 2012	March 2013
Purpose of survey	The quarterly financial statistics of municipalities is a quarterly survey that covers local, district and metropolitan municipalities in South Africa, The results are used to estimate Gross Domestic Product (GDP) and its components as well as to assist the public sector with policy formulation and the financial analysis of municipalities.	
Response rates	December quarter 2011:	85%
	March quarter 2012:	87%
	June quarter 2012:	88%
	September quarter 2012:	83%
Reasons for fluctuation:	<ul style="list-style-type: none">• Change in accounting practices and standards adopted by the respondents.• Revisions due to late response and corrections reported by respondents.	

Explanatory notes

- Introduction**
- 1 The purpose of the quarterly financial statistics survey of municipalities is to provide both stakeholders and users with information for allowing analysis and assessment of the state of local government finances.
- This publication contains estimates for the quarters ended December 2011, March 2012, June 2012 and September 2012. The survey is designed to obtain financial information of local government institutions relating to:
- the consolidated statement of financial position of municipalities;
 - the consolidated statement of financial performance of municipalities – rates and general services; and
 - the consolidated statement of financial performance of municipalities – housing and trading services.
- Scope of the survey**
- 2 This survey covers quarterly financial information of all 278 municipalities.
- Classification and accounting standards**
- 3 For the purposes of classification of local government institutions according to activities, Statistics South Africa (Stats SA) used the *Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No.09-90-02 of January 1993 (SIC)*. Activities of the local government institutions also adhere to the accounting standards and requirements in terms of the General Accepted Municipal Accounting Practice (GAMAP) and also General Recognised Accounting Practice (GRAP).
- Survey methodology and design**
- 4 The statistical unit for the collection of information is the municipality.
- Imputation**
- 5 The historical method is used to impute for non-response. According to this method previous information is used to arrive at current figures, after being appraised for its suitability.
- Revised figures**
- 6 Estimates for the current quarter are preliminary. Figures will be revised if respondents report revisions or corrections to their figures and also if the data was received late by Stats SA (after cut-off date).
- Rounding off figures**
- 7 The figures in the tables have been rounded to the nearest digit shown, and as a result there may be slight discrepancies between the sums of the constituent items and the totals shown.
- Related publications**
- 8 Users may wish to refer to the following Stats SA publications:
- P9101 *Capital expenditure of the public sector;*
 - P9114 *Financial census of municipalities;*
 - P9119.4 *Financial statistics of consolidated general government;*
 - P0441 *Gross domestic product; and*
 - P0277 *Quarterly employment statistics.*
- Symbols and abbreviations used**
- 9
- | | |
|----------|--|
| GAMAP | Generally Accepted Municipal Accounting Practice |
| GRAP | General Recognised Accounting Practice |
| IMFO | Institute of Municipal Finance Officers |
| SIC | Standard Industrial Classification |
| Stats SA | Statistics South Africa |
| 0 | nil or not applicable |

Glossary

Capital Replacement Reserve (CRR)	In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/deficit to the CRR in terms of a council resolution. The cash in the designated CRR bank account can be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/deficit is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.
Capitalisation Reserve	<p>On the implementation of GAMAP/GRAP, the balances on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a capitalisation reserve instead of the accumulated surplus/deficit in terms of a directive (budget circular) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.</p> <p>The balance on the capitalisation reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the capitalisation reserve to the accumulated surplus/deficit. When an item of property, plant and equipment is disposed, the balance in the capitalisation reserve relating to such item is transferred to the accumulated surplus/deficit.</p>
COID Reserve	This is money set aside for injuries, disablements, diseases and deaths caused by work related activities. It is usually transferred from accumulated surplus account.
Consolidated statement of financial performance	The aggregate or consolidated statement of financial performance reports the institution's financial performance during a specific period in time. This statement covers all the revenue and expenditure of an entity over a specific period in time.
Consolidated statement of financial position	The aggregate or consolidated statement of financial position reports the institution's financial position at a specific point in time (the end of the reporting period). This statement covers all assets, net assets and liabilities at the end of the reporting period.
Current assets	Current assets consist of inventories, external short-term loans, deposits and investments, debtors, prepaid expenses, and petty cash and bank.
Current expenditure	Current expenditure refers to transactions that decrease the net worth of the institution, including interest paid, compensation of employees, grants and subsidies paid, and depreciation, but excluding the acquisition of fixed capital. It consists of the total expenditure of rates and general services (excluding the surplus), and the total expenditure of housing and trading services (excluding the surplus).
Current liabilities	Current liabilities consist of external short-term loans and deposits, unspent conditional grants, current provisions, short-term leases, Value added tax, bank overdraft and creditors.
Current provision	Current provision is a liability or an obligation of uncertain timing or amount for an entity, payable within twelve months.

District municipality	District municipality refers to a municipality that has a municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality. Refer to the Local Government: Municipal Structures (Act No.117 of 1998).
Donation and Public Contribution Reserve	When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit.
Employee-related costs	<p>Employee-related costs include payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.</p> <p>Employee-related costs also include:</p> <ul style="list-style-type: none"> • basic compensation; • allowances; • contribution to other benefit funds of employees such as medical aid, pension fund contributions, group life, etc. (excluding unemployment insurance and workmen’s compensation, etc., which contributions may be looked upon as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy, etc.; and • uniform clothing and allowances (clothing, boots, overalls, etc. supplied to uniformed employees).
General expenditure	The following are included in general expenditure: accommodation, travelling and subsistence; advertising; audit fees; bank charges; cleaning services; consultancy fees; fuel and oil; hiring of plant and equipment; insurance costs; membership fees; pharmaceutical expenses; postage and stamps; printing and stationery; security fees; rental of land, buildings and other structures; rental of office equipment; telecommunication services; training and education; and transport costs.
Government Grant Reserve	When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit.
Housing and trading services	Housing includes all activities associated with the provision of housing. Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include waste management (refuse removal, solid waste disposal (landfill sites), street cleaning, recycling etc.), waste water management (sewerage, storm water management and public toilets), road transport (roads, public buses, parking garages, vehicle licensing and testing), water (water distribution, water storage), electricity (electricity distribution, electricity generation, street lighting.) and other trading services which includes environmental protection like pollution control, biodiversity & landscape and other like coastal protection etc., air transport, abattoirs, tourism, forestry, markets and licensing & regulation like licensing of food and liquor sales to the public and licensing of street traders (hawkers control) and business.

Housing Development Fund	The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the housing development fund. Monies outstanding to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.
Local municipality	Local municipality refers to municipalities that share municipal executive and legislative authority in its area with a district municipality within whose area it falls, that is described in section 155(1) of the Constitution as a category B municipality. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).
Long-term loans	Long-term loans are loans with an outstanding maturity of more than one year.
Marketable loan stock	Marketable loan stock refers to stocks, debentures and similar debt instruments that are freely negotiable, i.e. securities for which transfer registers are kept and which are usually listed on the stock exchange. Discounts originating with the issue of stocks below par are included in the stock liability.
Metropolitan municipality	Metropolitan municipality means an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).
Money market instruments	Money market instruments include bankers' acceptance, trade bills, and promissory notes, capital project bills, bridging debentures, negotiable certificates of deposit, Land Bank bills, Land Bank and the South African Reserve Bank's debentures.
Municipality	Municipality is a generic term describing the 'unit' of government in the local spheres responsible for local government in a geographically demarcated area and includes district, local and metropolitan municipalities. A municipality is an institution consisting of a municipal council (elected political representatives) and the municipal administration (appointed officials).
Net carrying value	Net carrying value (also known as the book value or carrying value) is the value of an asset according to its balance sheet, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset and disposals if any.
Other expenditure	The following are included in other expenditure: <ul style="list-style-type: none"> • departmental charges/fees; • books and magazines; • consumables; • licences and trade licences; • workshops; • refreshments; and • sundries.
Property, plant and equipment	Property, plant and equipment are tangible assets which are not easily convertible into cash, and held by entities for their own use and as income generators or for rental to others that the entities anticipate using during more than one period.

Provision	<p>Provision is any amount set aside for the purpose of meeting the following:</p> <ul style="list-style-type: none">• specific requirements where the amounts thereof can be closely estimated; and• specific commitments and contingencies as at the date of the balance sheet, where the amounts involved cannot be determined with significant accuracy. <p>Provision includes:</p> <ul style="list-style-type: none">• bad debts; and• leave payouts.
Rates and general services	<p>Rates and general services include executive & council (all costs for mayoral, councilors and committee expenses, municipal manager, town secretary and chief executive) finance & admin (finance, human resources, information technology, property services, other admin like security services, legal services, fleet management, asset management, procurement etc, planning and development (economic planning and development, town planning, corporate wide strategic planning (IDPs LEDs etc), building regulations and enforcement, city engineer) health (clinics, ambulance, other including health inspection) community & social services (libraries and archive, museums & art galleries etc, community halls and facilities, cemeteries & crematoriums, child care, aged care and other community) public safety (police includes police forces and traffic, fire, civil defence, other like disaster management), sport and recreation (includes community parks (including nurseries), sports grounds and stadiums, swimming pools, beaches, lakes, dams and jetties for recreation, camping sites etc.). These services are not economically self-supporting and are financed by imposing property rates, the receipt of grants and subsidies and other contributions.</p>
Repairs and maintenance	<p>Repairs and maintenance include all expenditure on repairs and maintenance of the various assets of the municipality. Where considered necessary, the cost of repairs in respect of the various types of assets, e.g. buildings, plant, may be subdivided. Where repairs and maintenance have been charged to a 'provision for repairs account', the actual expenditure incurred during the current year has been reflected under this sub-division and the amount chargeable to the 'provision for repairs' is reflected as a deduction from the actual cost. Any balance of expenditure still remaining is treated as a charge against the current year.</p>
Reserve	<p>Reserve denotes amounts set aside out of surpluses that are not designed to meet any liability, contingency, commitment or diminution in the value of assets known to exist as at the date of the balance sheet.</p>
Revaluation Reserve	<p>The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on devalued amounts, are credited or charged to the statement of financial performance.</p>
Self-insurance Reserve	<p>The municipality has a Self-insurance Reserve amount set aside to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances). The balance of the self-insurance reserve is determined based on 5% of the insurance risk carried by the municipality.</p>

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